

## Message Text

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E.O. 11652: N/A

TAGS: EFIS EIND MU

SUBJECT: RECENT DEVELOPMENTS IN OMAN FISHING INDUSTRY

REF: 75 MUSCAT 804

1. AS WE REPORTED IN REFTTEL, OMANGOV LAST SUMMER SIGNED TWO-YEAR MANAGEMENT CONTRACT WITH NEW ZEALAND FIRMUC ARABCO TRADERS, LTD., TO DEVELOP OMAN'S FISHING INDUSTRY. ARABCO IS NOW MAKING PROGRESS IN PREPARING FISHING LANDING IN MUTRAH PORT AND BUILDING 3,000-TON COLD STORAGE PLANT IN CAPITAL AREA. HUSSMAN OF SAN FRANCISCO, SUBCONTRACTOR FOR COLD STORAGE PLANT, WILL START CONSTRUCTION IN MARCH AND SHOULD BE FINISHED BY END OF SUMMER. IN FEW WEEKS, ARBCO WILL START WORK ON 250-TON COLD STORAGE PLANT IN DHOFAR. ARABCO MANAGERS STRESS THAT THEY ARE INTERESTED IN GETTING CONCRETE RESULTS AS FAST AS POSSIBLE IN ORDER TO KEEP OMANGOV SATISFIED.

2. ARABCO MANAGERS ARE STILL NOT SURE ABOUT REAL POTENTIAL OF COMMERCIAL FISHING IN OMAN. THEY BELIEVE THAT MARDELA REPORT WAS TOO OPTIMISTIC ABOUT FISHING IN NORTH, BUT THEY ARE ENTHUSIASTIC ABOUT ABUNDANCE OF SARDINES, LOBSTERS, AND ABALONE

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IN SOUTH. NORWEGIAN FIRM IS DISCUSSING WITH OMANGOV THE

CONSTRUCTION OF SARDINE PROCESSING PLANT IN DHOFAR, AND ARABCO MIGHT BUILD CANNERY IN THE FUTURE. HOWEVER, COMPANY IS CAUTIOUS ABOUT EXPANSION PLANS UNLESS THEY ARE SURE THAT LARGE-SCALE COMMERCIAL OPERATIONS WOULD REALLY BE VIABLE. PATTERNS OF SARINE MIGRATION OFF DHOFAR ARE STILL SOMEWHAT UNCERTAIN, AND SEASONABILITY OF THEIR OCCURRENCE COULD MAKE SARDINE PLANT AN UNPROFITABLE OPERATION.

3. COMMENT: WHILE FISHING IS POTENTIAL GROWTH INDUSTRY IN OMAN, WE DOUBT THAT AMERICAN FIRMS WOULD FIND MUCH OPPORTUNITY TO PARTICIPATE FOR TIME BEING. OMANGOV DID NOT AWARD FOLLOW-ON CONTRACT TO MARDELA INTERNATIONAL BECAUSE IT HELD MARDELA RESPONSIBLE FOR POOR PERFORMANCE BY FMC AND DEL MONTE SUBCONTRACTORS. WE HAVE HEARD FROM SEVERAL SOURCES THAT FMC-DEL MONTE INSTALLATION AT SOHAR SUFFERED SO OBVIOUSLY FROM OBSOLESCEMENT MACHINERY AND MEDIOCRE OPERATION THAT THESE FLAWS QUICKLY CAME TO ATTENTION OF HIGH-LEVEL OMANGOV OFFICIALS, AND REPUTATION OF AMERICAN FISHING FIRMS HAS BEEN SUBSEQUENTLY CLOUDED. PRIVATE AMERICAN ADVISOR TO WALI (GOVERNOR) OF DHOFAR TOLD US THAT WHILE HE WAS ENCOURAGING AMERICAN FIRMS TO PARTICIPATE IN OTHER SECTORS, HE WOULD ADVISE U.S. COMPANIES TO STEER CLEAR OF FISHING INDUSTRY BECAUSE OF MARDELA'S MISFORTUNES.

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